

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY TANANARIVE NIACT IMMEDIATE

C O N F I D E N T I A L STATE 068529

EXDIS

E.O. 11652GDS

TAGS: PFOR, EAID, MA, US

SUBJECTFY 1975 ASSISTANCE

REF: TANANARIVE 426, 424

FOR AMBASSADOR

JOINT STATE/AID MESSAGE

1. WE WERE DELIGHTED TO RECEIVE WORD THAT GEN. RAMANANTSOA HAS APPROVED THREE-YEAR EXTENSION OF NASA STATION AGREEMENT, AND CONGRATULATE YOU ON YOUR SUCCESSFUL EFFORTS WITH GOMR. WE WILL BE GUIDED BY YOUR RECOMMENDATIONS IN MOVING AHEAD WITH NEGOTIATIONS ON THE RAILROAD LOAN. IN THIS CONNECTION THERE IS AGREEMENT HERE THAT SUCH NEGOTIATIONS SHOULD BE PARALLEL TO NEGOTIATIONS ON TEXT OF NASA STATION AGREEMENT.

2. WHILE WE UNDERSTAND YOUR CONCERN RE DESIRABILITY OF USG'S MAINTAINING BEST POSSIBLE RELATIONS WITH FONMIN
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RATSIRAKA, IT IS, AS YOU KNOW, EXTREMELY DIFFICULT MAKE

FY 1975 COMMITMENT OF TYPE PROPOSED BY AMBASSADOR ESPECIALLY WITHIN LIMITED TIME FRAME AVAILABLE. WHILE CONCESSIONAL RICE AVAILABILITIES FOR FY 1975 LOOK MORE PROMISING THAN IN FY 1974, CONGRESSIONAL PRESENTATION ESTIMATES ARE NOW FULLY PROGRAMMED FOR EAST ASIAN COUNTRIES. AT THIS STAGE FIGURES ARE ONLY ILLUSTRATIVE AND ACTUAL AVAILABILITIES WILL BE DEPENDENT ON SIZE NEW CROP, PRICES, AND FIRM REQUIREMENTS FOR HIGH PRIORITY RECIPIENTS IN EAST ASIA. DEVELOPMENT LOAN PROJECT FINANCING DIFFICULT TO JUDGE IN ADVANCE CONGRESSIONAL ACTION ON APPROPRIATIONS AND AID REVIEW OF 20-COUNTRY FOREIGN ASSISTANCE ACT LIMITATION FOR DEVELOPMENT LOANS, AND WITHOUT INDICATION READY AVAILABILITY OF PROJECT MEETING CURRENT AID CRITERIA. (IN THIS CONNECTION, EMBASSY SHOULD NOTE THAT AID PRIORITIES ARE IN FOOD AND NUTRITION, POPULATION PLANNING AND HEALTH, AND EDUCATION AND HUMAN RESOURCE DEVELOPMENT. ROAD PROJECT WOULD BE DIFFICULT TO JUSTIFY IN FY 1975 IN VIEW PRIOR AID COMMITMENTS FOR LIMITED FUNDING AVAILABLE FOR TRANSPORT SECTOR.)

3. IN VIEW ABOVE CIRCUMSTANCES, WE ARE NOT IN POSITION AT THIS TIME TO AUTHORIZE YOU TO MAKE COMMITMENT FOR FY 1975 WHICH WE MAY NOT BE ABLE TO FULFILL. INSTEAD, IF YOU DEEM IT USEFUL, WE SUGGEST YOU INFORM FONMIN THAT USG IS WILLING TO DISCUSS WITH GOMR POSSIBLE ADDITIONAL AID PROGRAMS IN MADAGASCAR IN FUTURE, BUT WITHOUT MAKING COMMITMENT OR STATING PRECISE TIME FRAME.

4. BEGIN FYI: SUBJECT TO CONSTRAINTS OUTLINED ABOVE, US AID MIGHT INCLUDE A) RICE UNDER PL-480 OR DL FINANCING, ASSUMING SUFFICIENT QUANTITIES RICE AVAILABLE AND RICE NOT REQUIRED BY HIGHER-PRIORITY AREAS, OR B) A DL PROJECT. SINCE IMPLEMENTATION TELECOM AND RAILROAD LOANS WILL BEGIN IN EARLY FY 1975, WE BELIEVE US AID PICTURE STILL RESPECTABLE EVEN IF NO AID APPROVED IN FY 1975.

5. VIEW OUR LIMITED CAPABILITIES FOR PROJECT DESIGN AND IMPLEMENTATION IN MADAGASCAR, WE PREFER PROVIDE RICE IF THIS POSSIBLE. SHOULD KNOW BY SECOND QUARTER FY 1975
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WHETHER RICE WILL BE AVAILABLE. HOWEVER, IN MEANTIME WE WILL DISCUSS DL PROJECT POSSIBILITIES WITH IBRD AND WITH HOGAN, DIRECTOR REDSO, WHEN HE IS IN WASHINGTON LATER THIS MONTH. AT APPROPRIATE TIME, POSSIBLY WHEN RAILROAD LOAN AGREEMENT IS NEGOTIATED, REDSO REPRESENTATIVE CAN ASSIST EMBASSY IN PRELIMINARY DISCUSSIONS WITH GOMR ON ITS PRIORITIES AND US AID CRITERIA.

6. QUESTION OF LONGER TERM ASSISTANCE STRATEGY FOR
MADAGASCAR WILL BE CONSIDERED IN CONTEXT 1974 PARA REVIEW.
SHOULD NOTE, HOWEVER, CONCEPT OF ANNUAL ASSISTANCE PRO-
GRAM OF DOLS. 5-10 MILLION MAY NOT BE FEASIBLE GIVEN
FUNDING AVAILABILITIES, AFRICA PROGRAM PRIORITIES IN
RLDCS, NUMBER OF COUNTRIES LIMITATIONS, AND OTHER
CONSIDERATIONS. END FYI. RUSH

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